



United States
Department of
Agriculture

Rural Development
Rural Business -
Cooperative Programs
Rural Housing Programs
Rural Utilities Programs

1606 Santa Rosa Road
Culpeper Building, Suite 238
Richmond, Virginia 23229-5014
Phone: 804.287.1598
Fax: 804.287.1720
TDD: 804.287.1753
<http://www.rurdev.usda.gov/va>

VA AN NO. 426 (3550)

September 29, 2003

TO: Community Development Managers and
Rural Development Managers

SUBJECT: Direct Single Family Housing Area Loan Limits

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to establish the Area Loan Limits for each eligible locality (county/city) in the Commonwealth of Virginia that are to be used during FY 2004.

These limits were established by adding the residential cost data for new construction to the typical market value for an improved site.

CAMPARISON WITH PREVIOUS AN:

This AN replaces AN No. 406 (3550) dated March 24, 2003 which will expire on September 30, 2003.

IMPLEMENTATION:

The Final rule of 7 CFR 3550 changed a critical component of the modest housing definition. The description of modest housing changed from "cost that does not exceed the applicable limit established under 203(b)" to "**market value that does not exceed the applicable area loan limit as established by RHS...**"

A loan may exceed the area loan limit in an amount necessary to cover the Agency-approved appraisal fee, the tax service fee and any required contribution to an escrow account for taxes and insurance. Exceptions to the area loan limit may be granted only on a case by case basis when the current limit is insufficient to provide adequate housing based on the specific needs of the applicant. Requests for such must be approved by the State Director and cannot exceed \$3,600.

SFH Origination Offices will be required to collect and maintain the typical market value of sites, site clearing, the cost of water and sewage, driveways, and landscaping, etc. for each eligible locality throughout the fiscal year. The market value must be based on comparable sales data for typical sites and on-site improvements. The dwelling construction costs, the market value of the site and cost of typical improvements will be added together to create the area loan limits. **In no case can the Area Loan Limit exceed the HUD 203(b) limit.**

EXPIRATION DATE: 9/30/04

FILE REF: HB-1-3550 - Appendix 10

The supporting documentation such as comparables used in the analysis and documentation of phone calls should be arranged by fiscal year and kept in the operational files under 1924-C, Planning and Performing Site Development Work.

Effective October 1, 2003, the area loan limit listed in Attachment A to this AN will be used for all pending applications unless the applicant received Form RD 1944-59, Certificate of Eligibility, or submitted a contract for the purchase of a property or bid proposal to build a home prior to the effective date of the new area loan limits.

JOSEPH W. NEWBILL
State Director
USDA Rural Development

Attachment A - FY 2004 SFH Area Loan Limits